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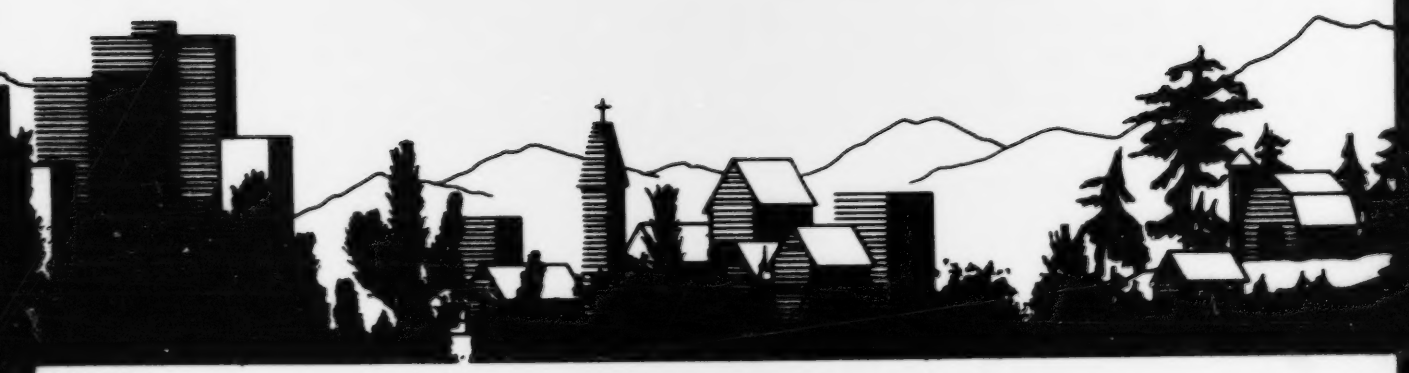
British Columbia

Development Services Branch
Ministry Of Municipal Affairs

GUIDELINES FOR THE USE OF CONSULTANTS BY LOCAL GOVERNMENT



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GUIDELINES FOR THE USE OF CONSULTANTS BY LOCAL GOVERNMENT

These guidelines have been prepared by the Ministry of Muncipal Affairs' Development Services Branch with the assistance of members of the Planning Institute of British Columbia to provide general guidance for local government. It incorporates the concerns of both actors in hiring and contracting work by consultants within the province.

The Introduction demonstrates the problems faced by those initiating projects involving consultants and illustrates why the guidelines will be helpful. Section B explains the categories of projects that may involve the use of consultants followed by Section C which highlights some basic elements of finding a consultant. Section D outlines a process for not only hiring consultants but for management of the project as well. A short flow chart is presented just prior to the summary.

September 1983

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A. INTRODUCTION

It was early Monday morning and the Municipal Manager sat staring into his coffee cup. Usually he came to the coffee shop to think about the activities for the forthcoming week and to exchange pleasantries with the Administrator from the Regional District. Mainly he just came to ease out of the weekend, but this particular Monday morning he sat and involuntarily shook his head.

Three weeks ago the Municipal Manager had sent out a proposal call to six firms asking for quotes on preparing an update of the Official Community Plan and a downtown revitalization study. He and council had thought it would be more efficient to have both projects done at the same time by one group of people. The outcome of the downtown project could then be incorporated into the plan.

The terms of reference had been based largely on samples provided by the Provincial government. They had been sent to six companies that according to the consultant's directory had experience in community planning and downtown projects. The cost for the downtown study had been set at $5,000 which is the basic grant, but council had wanted competitive bids for the plan.

The Municipal Manager already had spent two days evaluating the proposals trying to compare them all using a systematic approach. What he got was this:

The fees for the downtown project ranged from $4,000 to $4,750 with printing extra. The fees for the official plan update had a low of $18,000 and a high of $29,000, but the rest clustered predictably near $22,500.

Two of the proposals were from companies that could do the whole project in-house. They had planners, designers, and engineers on staff and could do, they said, all aspects of both assignments in a coordinated way. The other four proposals were from consortiums of two or three firms. The consortiums claimed their team structure had a creative diversity that an all in-house team didn't.

Three of the proposals for the downtown revitalization project emphasized urban design as the salvation of a sluggish central business district. Two based the study on market analysis as the key to a successful downtown revitalization. And one firm had taken on an advertising and promotion subconsultant whose job it would be to improve the image of the downtown.

Only one of the companies had done work in the municipality before, although three others emphasized they had worked in the region. The one that had previously worked in town suggested the work in the study area had resulted in a good data base and

familiarity with local issues which would save time and money. The other proposals were convincing in their presentation of the strengths of a fresh look at old problems. They offered an unbiased approach.

Each firm had a different recommendation on how best to involve the public in the two projects. Some emphasized the use of surveys and informal public open houses. Others suggested a series of formal presentations. One suggested that the Municipal Manager should look after public involvement with assistance from the consultant. ("Fortunately there are other things I don't like about that proposal", he had said to himself.)

Some of the proposals had elaborate covers, using drawings or air photographs of the municipality. He wasn't sure whether they were trying too hard to impress him or not. He had been visited by representatives from three of the companies and telephoned by the others.

So what was he going to do?

The question brought him back to his coffee and the day ahead. The Manager sighed, although council had intended to pick a short list of two for interviews, they had now decided to interview three. He was to set up the appointments today. Now he would need to set up some criteria for evaluating the interviews. Council would want a list of questions.

The worst part was going to be calling the other three. He hoped they wouldn't press him too hard about why they didn't make the short list. When you come right down to it, it had been a purely subjective choice.

****

Is this familiar? It's not a true story, but one that probably reminds most council members, managers and planners of how difficult it is to evaluate and select a consultant.

Hopefully the following will help make the process more pleasant and more easily understood. It provides a checklist of considerations for selection of a consultant and for negotiation of contracts. Our intention is to provide a reference for both local government and consultants.

B. CATEGORY OF PROJECTS

There are at least three general circumstances where a local government may turn to a consultant for technical support. The first is in municipalities that have a fairly large planning and engineering staff where consultants tend to be hired for specific projects only. Projects such as designing a water system are fairly straight forward and one would expect few surprises or delays in the program.

Secondly, some local government offices have no permanent planning staff and consultants may be used on a retainer for day-to-day administration of a planning program. This may entail a half a day a week or more depending on the complexity of activities within the local government area. In these cases, the local government must have a clear idea as to what items are appropriate for referral to the consultant for professional or technical input. In terms of a contract, however, it tends to be based on hours of work which may be determined ahead of time or may be on demand.

The third situation involves some kinds of special projects such as the development of official plans, where, as more time is spent on the project, more issues tend to be uncovered. The project is less predictable in terms of the issues that must be dealt with and therefore in terms of time and cost. Such items as a public participation program may raise a number of issues that cause the scope of the project to expand.

These three categories of projects involve the same procedure for consideration of any one consultant over another, but the weighing of characteristics will vary. In cases where a project involves continual or frequent discussion with the public and council, it is more important for the personalities of the consultants to be compatible with the community. That consideration is less important where a straight forward project such as a sewer system design can be developed separately and then handled through staff.

Before discussing the step-by-step considerations in the process of hiring a consultant, we will explore the nature of shopping for a consultant.

C. SHOPPING AROUND

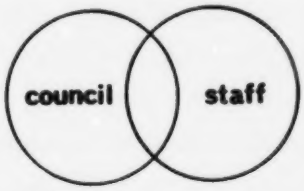
There is a certain amount of negotiation that can be counted on between a consultant bidding on a project and the local government hiring a consultant. Terms of reference should always be considered a starting point. They provide a definition of intent and scope but consultants bidding on a project may be able to assist in refining the process description. Past experience may suggest evaluation of certain approaches to a project and local government should avail themselves of the opportunity to explore alternatives.

This process of negotiating with consultants may create some confusion in the mind of local government. The orientation of any particular firm will colour its interpretation of what is important. For example, a company whose staff are principally resource scientists, in bidding on a community plan project, would likely structure background analysis upon the soil suitability, water supply and wildlife in the area. A company that has an orientation towards architecture may look at an official plan proposal more in terms of design features of the community, traffic flows, street furniture, and parks. Still another firm whose orientation is generally towards economics may concentrate on merchandizing and floor space management in the size of the core for background work in devising the plan.

In these cases, the local government must look at the personality or interest of the community. They must identify the orientation of the community and what problems the community perceive as important. It should be these problems that receive major emphasis in the project.

D. THE PROCESS OF HIRING AND MANAGING CONSULTANTS

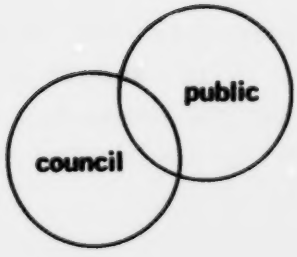
classify project



call for proposal

monitor progress

completion of final product



1. Project Type: A project must be classified by type. For example, the council may want a design for an industrial park. That indicates a certain type of project, a certain kind of product and indicates the major emphasis in skill required from a consultant.

   It is at this step that council evaluates whether they need a consultant for the project or whether they can use existing staff.

2. Office Workload: One of the most important costs of hiring and using a consultant is in the implications for existing staff in relation to the project. Local government must decide how much staff time will be needed to run the program. This will involve deciding how much contact and management will be necessary for a project of this type.

   There is a cost associated with an administrator's time being diverted from other things to the running of a project. It may involve the designation of a new responsibility on existing staff. By evaluating the functions of the office at that time, council can decide how much backup material or technical or clerical assistance should come from the office and how much should be delegated entirely to the consultant. It is very important to take all of those components and translate them into a cost.

3. Terms of Reference: The terms of reference for a study should specify a number of timing considerations of the work program. First of all, the local government should identify any unique features of activity in the area that may affect the process of developing a project. For example, in some agricultural areas during the summer, it is virtually impossible to get a good attendance at public meetings.

Everybody is working hard on activities that are specific to that time period and it is not logical to try to set up a work program that would see some major public input or review at that point.

Another major factor is a time schedule for council participation. Some projects are more interactive than others. In doing a plan for example, feedback on each draft of the report will be necessary and council must budget time for its participation at key points.

The local government will need to determine the level of public participation and involvement of specialized groups that will be necessary in the process. This will depend partially on the type of community interest within the area and on whether the project could be considered controversial by special interest groups. Public meetings and advertising for them have both time and budget dimensions.

The form of the final report may be specified. Where council has a firm idea on what they want they should include the description in the terms of reference with an indication of how the report will be distributed. If the report is to be widely distributed then all figures and maps should be in a reproducible format. Such things as degree of colour mapping or newspaper printing costs should be identified.

It may be preferable to not finalize the product format. In the process of doing a plan, the degree of public interest may influence the decision on the kind of report that should be produced and the need for circulation of it. In these cases the terms of reference should state clearly that the final format will be decided later and costs will be separately determined.

4. Budget: Budget considerations can be complex. It must be clear who is responsible for accessory costs such as meeting halls, advertising and the acquisition of base materials. The local government should have an accurate record of what kinds of information they have available within their offices for use by the consultants to avoid any duplication of effort.

There are essentially two options in the budgeting component of a terms of reference. The first one is where the local government would give the limit of their total budget as an indication of the scale of the project. This tends to cluster the budget suggested by consultants in a way that may not be totally meaningful. Option two would not include the budget but would leave it open. The consultants would interpret the complexity of the project from the terms of reference. This puts the onus on the consultants to define their proposals in considerable detail. In adopting this approach, however, local government should remember that a bid is somewhat negotiable. If a bid seems too high perhaps there has been a misconception that could be explored with a consultant.

5. Call for Proposals: Council must consider how many proposals they wish to invite. This will be related to the size of the project and to consideration of the staff cost of processing a number of proposals. Generally, the initial list of consultants to contact comes out of communication with other local governments who have used consultants for similiar projects.

Where council has a long list of candidates it may wish to call for letters of interest before fully developed proposals are requested. This would allow council to reduce

the number of candidates based on a simple definition of skills available from a firm.

There are a number of items an invitation for proposals should include that will assist both local government and the firm submitting bids.

(a) It should be clear if funding has been established or if the proposals may be part of a funding application. Consultants need to know whether the project has been approved to evaluate whether the time period is firm. When consultants put in a proposal they look at their time budget in relation to the other projects they may have. If the timing is set back because of financing problems, there can be conficts later on.

(b) The request should include an indication of how quickly council wants to receive the bids.

(c) The staff person designated as the contact person for the project should be identified. It may be to the advantage of the local government to have their staff person discuss the terms of reference with each consultant to make sure that the expectations for the project are fully understood.

If the proposal is particularly large and complex, the local government may choose to have a proposal briefing session with all consultants invited to bid on a project in attendance. This ensures all firms have the same understanding of the project and it takes less time than separate discussions.

(d) The number of firms invited to bid should be indicated as it may influence the level of detail of proposals received. If there are a small number of firms contacted it will make it more worthwhile to produce a fairly complete and explicit bid.

(e) The identification of a short list process combined with a large initial distribution could be important. Firms may be prepared to submit a proposal with the idea of doing a more complex one if they make the short list.

(f) The number of copies of the proposal expected by council should be indicated. This is to the advantage of council in that it saves copying by them and to the companies who would prefer a finished copy be distributed rather than a simple photocopy.

6. Selection of a Consulting Firm: There are a number of factors that are involved in the selection process of a consultant that will vary from situation to situation. Certainly the council should consider the reputation of the firm and its principals. Generally the personality of the principal of the company will show in the proposal when it is submitted. The local government should look at the style of the proposal in terms of the writing and the suggestions within it as to whether they believe it is compatible with their community.

In interviewing any consulting firm the local government should require the individual who would actually do the work be identified. This avoids problems arising from the client not meeting the appropriate individual until after contracts are signed. The client should know what specific individual

will be working on what part of the job for what amount of time.

The local government should note where the company has placed emphasis in satisfying the terms of reference. This is a check to see the outlook is similiar to that of the community or that of the intent of the terms of reference.

Before reviewing proposals a checklist of important considerations in assessing proposals for the particular project should be prepared. The list may be used for first review, then made more specific for final interviews. A percentage score should be assigned to each consideration as some are more important than others in any one instance. The list should include items such as:

1. reputation of the team
2. subject emphasis
3. understanding of intent of project
4. qualifications of project leader, and support staff
5. quality of presentation
6. interest and enthusiasm
7. compatibility
8. familiarity with the area
9. knowledge of existing data
10. completeness of program
11. budget and timing

7. The Negotiation of the Final Contract: This is a very important stage in the process. The contract between local government and the consultant should include the terms of reference. If the terms of reference have been revised as a result of negotiation and discussion with the consultant, then they should be attached to the contract and referred to in the contract.

The contract should specify who will own the originals at the end of the project, how frequently monies will be paid

out and who will pay for accessory costs like halls, typing and graphics. It may be of interest at this point to discuss the style of the report, although again this may evolve later in the project depending on the circumstances of the product.

Details of any public review or participation program should be very carefully worked out to determine who decides if additional meetings are required and who covers the additional cost, the consultant or the local government. Equally important is to determine who will carry the program at various stages. Rather than have the consultant run all the public meetings, there comes a point where the local government itself should take over the public meetings and discussions with the community.

Finally, all contracts should include a termination provision that allows either party to withdraw if work appears not to be progressing satisfactorily.

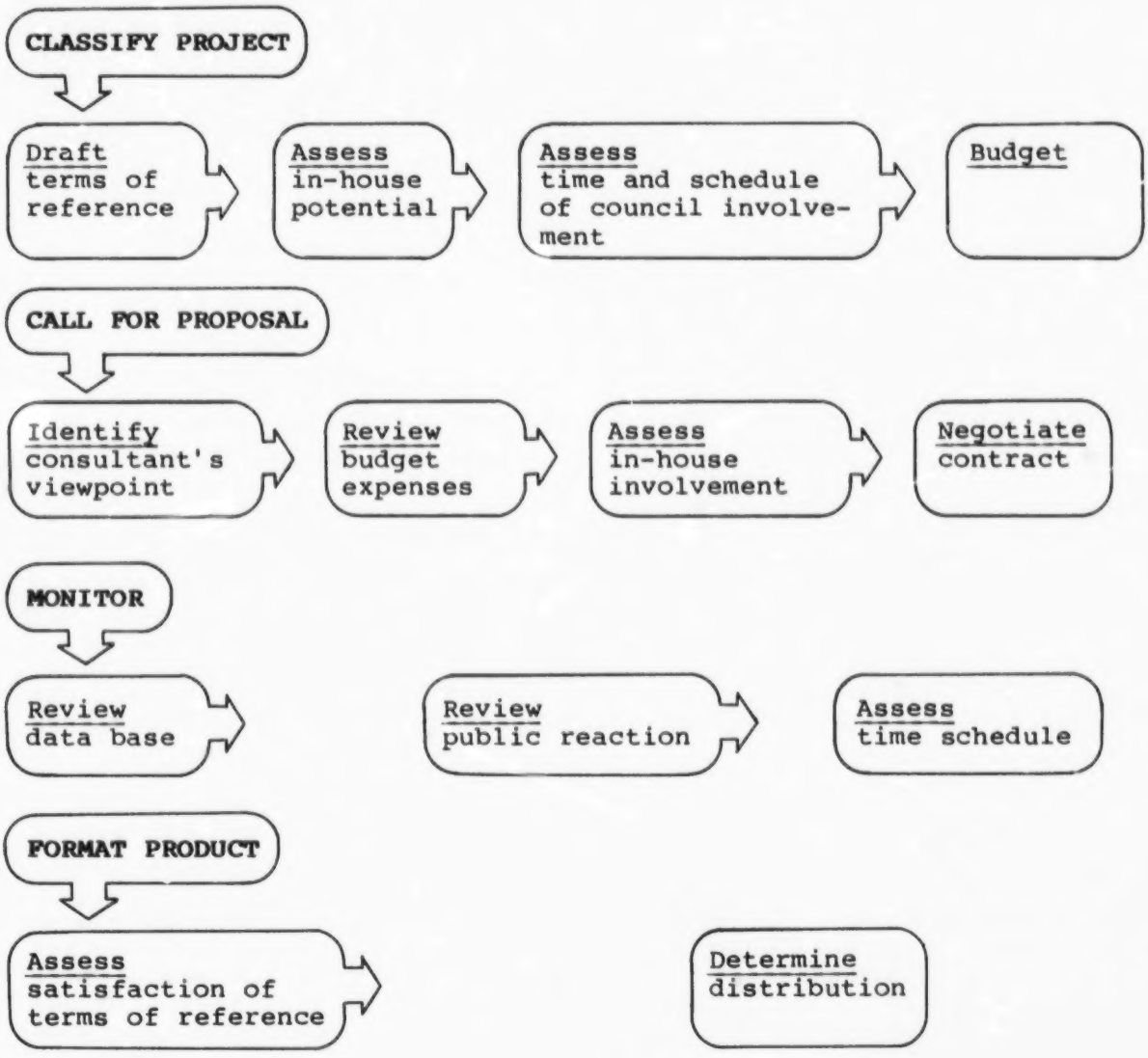
8. The Management of the Contract: The terms of reference are guidelines only and the contract itself cannot nail down all future potentialities. In projects that involve public participation, the project evolves and the contract may require fine tuning as it goes along. There should be frequent discussions as to the progress of the program. One person should monitor the program and have the authority to guide the work.

Additionally there should be contact at predetermined times during the course of the project for the council and consultant to discuss progress. This maintains a good level of communication and direction, especially important where public participation is involved and ensures the direction

of staff to the consultant is consistent with the council's viewpoint. The council has, after all, the ultimate responsibility for the final report and its implementation.

9. When Problems Arise: If there appears to be a major problem where local government does not feel the project is going in the direction they had negotiated with the consultant, then the project should be halted. There is often a tendancy to believe any investment in a project should be protected by completing rather than terminating the contract. This is not the case if the final product can not be used by local government in the manner it was meant to. It is hoped that through the monitoring system any major problems can be accommodated before a stalement is reached.

FLOW CHART


CLASSIFY PROJECT
Draft terms of reference
Assess in-house potential
Assess time and schedule of council involvement
Budget
CALL FOR PROPOSAL
Identify consultant's viewpoint
Review budget expenses
Assess in-house involvement
Negotiate contract
MONITOR
Review data base
Review public reaction
Assess time schedule
FORMAT PRODUCT
Assess satisfaction of terms of reference
Determine distribution

E. SUMMARY

The emphasis in this guideline has been on discussion between the consultant and the local government. Hiring a consultant is hiring a service rather than buying a product. In most projects, the local government can influence the product throughout the process of working with a consultant.

POOR

QUALITY

ORIGINAL